

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 AID-05 CIAE-00 COME-00  
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04  
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 AGRE-00 DOE-15 SOE-02 DODE-00 PM-05  
H-02 L-03 PA-02 /134 W

-----051293 251919Z /45

P 251527Z APR 78

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 5486

UNCLAS BUENOS AIRES 3161

E.O. 11652: N/A

TAGS: ETRD,BEXP,XX

SUBJECT: INTERAGENCY TASK FORCE TO DEVELOP A NATIONAL  
EXPORT POLICY

REFERENCE: A) STATE 095673; B) STATE 091897

1. THE SUBJECT MATTER IS TOO  
EXTENSIVE TO BE TREATED BRIEFLY. POST  
HAS DRAFTED AIRGRAM ON SUBJECT WHICH WILL BE POUCHED  
ASAP. EXCERPTS ARE INCLUDED IN THIS TELEGRAM.

2. STIMULATION OF INTEREST IN EXPORTING: THE  
COMPLAINT MOST OFTEN HEARD FROM FOREIGN IMPORTERS  
ABOUT US FIRMS IS THAT DURING PERIODS WHEN US  
DOMESTIC DEMAND IS FIRM THEY SEEM TO LOSE INTEREST  
IN EXPORTING ALTOGETHER. THIS COMPLAINT CAN ONLY  
BE RESOLVED BY MAKING THE REWARDS SUFFICIENT TO  
KEEP A FIRM IN THE EXPORT MARKET EVEN WHEN DEMAND  
AT HOME IS STRONG. THIS IS AN ASPECT OF THE  
SITUATION OVER WHICH THE FOREIGN COMMERCIAL SERVICE  
(IN USDOC AND THE DEPARTMENT OF STATE) HAS  
NO INFLUENCE, OF COURSE; BUT IT IS THE FUNDAMENTAL  
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ELEMENT OF A NATIONAL EXPORT POLICY. IT IS  
AFFECTED BY DOMESTIC USG POLICIES SUCH AS EXCHANGE  
RATE AND TAX POLICY.

3. EFFECT OF TAX POLICY AND FOREIGN INVESTMENT  
ON EXPORTS: OUR EXPERIENCE IN BUENOS AIRES HAS  
CONVINCED US THAT US. INVESTMENT AND PARTICULARLY

THE PRESENCE OF U.S. CITIZEN EXECUTIVES AND TECHNICAL PERSONNEL HAS A FAVORABLE IMPACT ON DIRECT U.S. EXPORTS. RECENT U.S. TAX LEGISLATION IS INHIBITING U.S. SUBSIDIARIES HERE FROM RETURNING U.S. PERSONNEL WITHDRAWN SEVERAL YEARS AGO FOR SECURITY REASONS. WE ALSO SENSE A RELUCTANCE BY U.S. ENGINEERING AND CONSTRUCTION FIRMS TO BID ON PROJECTS HERE BECAUSE OF THE HIGHER COST OF USING U.S. PERSONNEL DUE TO TAX CONSIDERATIONS.

4. IT WOULD APPEAR, THEN, THAT U.S. POLICIES WHICH WOULD ENCOURAGE U.S. INVESTMENT ABROAD WOULD AT THE SAME TIME HAVE THE COROLLARY EFFECT OF PROMOTING U.S. EXPORTS. SUCH POLICIES MIGHT INCLUDE A MORE ACTIVE ROLE FOR OPIC (E.G. ELIMINATION OF CURRENT RESTRICTIONS ON ACTIVITIES IN THE HIGHER INCOME LDC'S) AND FAVORABLE TAX TREATMENT FOR FOREIGN EARNINGS OF U.S. AFFILIATES AND EXECUTIVES (E.G. CONTINUED TAX DEFERRAL OF FOREIGN EARNINGS OF U.S. COMPANIES UNTIL REPATRIATED, AND CONTINUED EXEMPTION FROM TAXATION OF A PORTION OF THE SALARIES OF U.S. EXECUTIVES ASSIGNED ABROAD).

5. A SECOND ARE OF VITAL IMPORTANCE INsofar AS STIMULATING INTEREST IN EXPORTING IS EDUCATING THE PROSPECTIVE EXPORTER IN THE ART OF UNCLASSIFIED

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EXPORTING AND ITS BENEFITS, AND PROVIDING FACILITATION SERVICES FOR FIRMS WHO ARE TAKING THE EXPORT PLUNGE. WE NEED MORE EFFECTIVE PROGRAMS THAT RECRUIT FIRMS FOR EXPORT, SUCH AS THE TEMPS PROGRAM ANNOUNCED IN STATE 091897. BUT THESE PROGRAMS MUST BE MORE BROADLY BASED. AT LEAST ONE OF THE FACILITATION SERVICES CURRENTLY PROVIDED BY THE DEPARTMENTS OF COMMERCE AND STATE, THE AGENT/DISTRIBUTOR SERVICE COULD BE EXPANDED. EVALUATIONS OF PROSPECTIVE AGENTS COULD BE MORE THOROUGH. GREATER ASSISTANCE COULD BE RENDERED IN THE FOLLOW ON NEGOTIATIONS BETWEEN THE US FIRMS AND THE FOREIGN FIRM OR FIRMS. THIS WOULD ENSURE THAT A GREATER PERCENTAGE OF AGENCY AGREEMENTS WOULD FLOW FROM OUR ADS INVESTIGATIONS. WITHIN LIMITS, OBVIOUSLY, THE MORE AND BETTER TRAINED PEOPLE WE HAVE PERFORMING THESE FUNCTIONS, THE BETTER THEY WILL BE PERFORMED AND THE MORE LIKELY WE ARE TO BE SUCCESSFUL IN PERSUADING A FIRM TO TAKE THE EXPORT PLUNGE.

6. ENHANCING COMPETITIVENESS OF US EXPORTERS THROUGH COMMERCIAL INTELLIGENCE, AND SALES PROMOTION

ASSISTANCE: THE COMMERCIAL INTELLIGENCE PROGRAM,  
(EARLY WARNINGS, TRADE OPPORTUNITIES, MARKET RESEARCH)  
AND THE SALES PROMOTION PROGRAM (TRADE MISSIONS, CATALGO  
SHOWS, COMMERCIAL EXPOSITIONS) ARE THE MOST VITAL WORK  
PERFORMED BY COMMERCIAL OFFICERS ABROAD, YET, THEY ARE  
THE STEPCHILDREN OF THE FOREIGN COMMERCIAL SERVICE. IT  
IS A CONSTANT STRUGGLE TO FIND TIME TO DEVOTE TO THESE  
MATTERS. THESE PROGRAMS ARE RESIDUAL FUNCTIONS WHICH  
CAN BE PERFORMED ONLY WHEN ROUTINE, SCHEDULED OR FEE  
SERVICES (WTD'S, ADS, CERP REPORTING, COMMERCIAL  
CORRESPONDENCE, BUSINESS VISITORS, ETC)... LEAVES  
SUFFICIENT TIME. SPEAKING FOR BUENOS AIRES WE COULD  
USE AT LEAST A 20 PERCENT INCREASE IN OUR PERSONNEL  
(ONE FSO AND ONE FSL) TO ENABLE US TO PERFORM ALL  
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THESE FUNCTIONS WELL.  
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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, POLICIES, TRADE PROMOTION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 apr 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** ONLY  
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**Review Withdrawn Fields:** n/a  
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**Subject:** INTERAGENCY TASK FORCE TO DEVELOP A NATIONAL EXPORT POLICY  
**TAGS:** ETRD, BEXP, XX, US  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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